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752
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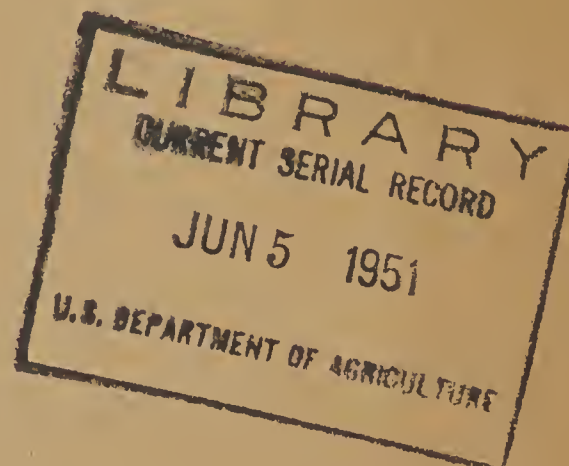
REPORT

Of The

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

For The

Fiscal Year, 1949-50



SUMMARY

The fiscal year 1949-50 saw many major developments--some of milestone character--in the field of world agriculture. Despite global tension, climaxed by the Korean outbreak as the year ended, the United States and most other freedom-loving nations made substantial progress in facing up to important world agricultural problems through friendly cooperation.

Although many of these problems have not been solved, this spirit of international cooperation strengthened the principle of multilateralism during the year, helped to clear the way for initial implementation of the agricultural aspects of the Point IV program, and continued to constitute the basic philosophy of the Food and Agriculture Organization of the United Nations. It was responsible for the successful first year's operation of the International Wheat Agreement; constructive and beneficial meetings of the International Cotton Advisory Committee, the International Wool Study Group, the International Sugar Council, and other world consultative bodies. It was reflected in the accomplishments of the second round of tariff negotiations under the General Agreement on Tariffs and Trade at Annecy, France, and in the initiation of plans for a third round at Torquay, England.

The year also was marked by the fact that, from the standpoint of production and supplies of agricultural products, the world passed from a deficit to a surplus economy, necessitating sharp adjustments in production planning and trade policies. Though this transaction began for some crops several years earlier, it was generally completed in 1949-50. After a decade in which emphasis had been on open-throttle production to meet the needs of the Allied armed forces and hungry citizens of food-deficient countries, United States farmers began to find themselves confronted again with the problem of finding foreign markets for some of their products. An impending surplus of wheat was a factor in the inauguration of the International Wheat Agreement. World surpluses of some fats and oils, fruits, nuts and other products developed during the year. As the year drew to a close, the Korean crisis sharply increased demand for some products, however. There was indication, as of July 1, that this was a temporary situation. Cotton and wool surpluses disappeared.

The promotion of international cooperation in agriculture, and the need for reexamination of agricultural policies in the light of the changing world production and supply situation placed heavy demand upon the leadership and services of the Office of Foreign Agricultural Relations because of the Office's responsibility for coordinating the foreign work of the Department of Agriculture. This responsibility called for the following activities:

- (1) Representing the Department of Agriculture in international conferences and negotiations.
- (2) Compiling and releasing information on foreign trade policies.
- (3) Maintaining liaison with the Department of State for the coordination of the United States Government's agricultural activities abroad.
- (4) Obtaining statistical and other factual data regarding foreign agricultural production, trade and supplies.
- (5) Studying foreign competition with, and demand for, United States farm products.
- (6) Planning and implementing programs of international collaboration in agricultural technology, and planning and carrying out agricultural aspects of the Point IV program.
- (7) Representing the overseas interests of farmers and the Department of Agriculture at meetings of important international, interdepartmental and departmental committees.
- (8) Servicing about 1,300 foreign agriculturalists who came to the United States to learn first-hand of this country's farming practices and techniques.

FUNCTIONAL RESPONSIBILITIES

In carrying out its normal functional activities during 1949-50, the Office of Foreign Agricultural Relations assembled, compiled, analyzed, interpreted and published information affecting foreign agriculture and United States foreign agricultural trade.

Foreign Competition and Demand

To do this, it was necessary to gather from over the world, mostly through the channels of the U.S. Foreign Service, statistical reports on planted acreages, weather conditions, crop yields, livestock numbers, crop and livestock production, price trends, stocks, agricultural exports and imports, consumer purchasing power, and supplies of seed, fertilizer, farm equipment and farm labor.

Reports also were needed regarding other factors influencing the immediate and future supply of, and demand for farm products in individual countries, especially the demand abroad for agricultural products exported by, and imported into, the United States. Of particular importance was information gathered about production and supplies of products such as coffee, cocoa and spices, which the United States must import.

These reports came in the form of about 24,000 cablegrams and about 23,000 dispatches from 65 Agricultural officers, and many Consular officers and commodity specialists abroad. Foreign agricultural information also comes to OFAR from foreign governments and personal sources.

This substantial volume of foreign information, after careful study and evaluation, formed the basis of statements on the foreign situation prepared for the use of Departmental committees concerned with various agricultural commodities. It also yielded a vast amount of facts and data needed by United States producers, handlers, marketers, processors and exporters and importers of agricultural products in their day-to-day operations.

A solid center of service rendered to United States farmers, marketers and operators of related businesses consisted of 86 periodic world summaries of production of crops and livestock, livestock numbers and acreage published during the year; in addition to 10 summaries of international trade in agricultural commodities. There also were published 74 articles and studies containing latest information regarding agricultural production and supplies on a regional or geographical basis, international trade in agricultural products, changes in agricultural policies of other countries and related subjects.

Extensive first-hand marketing studies on individual commodities were conducted by specialists of the Office under the Research and Marketing Act of 1946. These were designed to provide information regarding the possible foreign markets for United States farm products. Findings of the specialists were published at frequent intervals during the year.

International Policy and Trade

The Office gathered information enabling it to keep continually in touch with (1) the agricultural patterns of other countries, including specialized research on types of production and marketing; consumer requirements and living standards; trends in foreign agricultural production, marketing, consumption and prices; and with the historical aspects of such developments generally, and (2) continued to study all developments in the field of agricultural policy both in the United States and other countries, devoting special attention to economic and financial restrictions on international trade, and measuring the effect of such restrictions upon United States agriculture. It also kept under constant study the effect of United States agriculture and trade policies on international farm trade. It was particularly active in disseminating information and statistics on international trade.

The continuous collection of information concerning agricultural production, trade, food requirements and general economic conditions on a region-and-country basis was useful in preparation of the Office's annual food situation and outlook report, and in answering numerous

inquiries from the general public, Congress, and Government agencies and organizations such as the National Defense Agencies, the Economic Cooperation Administration, the Department of State, and the Interdepartmental Trade Agreements Committee. It also proved valuable in Point IV planning.

This work included preparation of country studies either at the request of other agencies or for publication. These studies consisted of surveys of the countries' agriculture to show its development in the past, trends and prospects for the future, and problems and policies.

Representation With International Organizations

OFAR specialists represented United States farmers and the Department of Agriculture on international, departmental and interdepartmental committees and rendered liaison service in relations with the Food and Agriculture Organization of the United Nations. Committees on which they served or meetings in which they participated included the Second Round of Tariff Negotiations at Annecy, France; the Executive Committee on Economic Foreign Policy; the International Wheat Council, the Economic and Social Council; the Interdepartmental Committee on scientific and Cultural Cooperation; the Council of the Food and Agriculture Organization of the United Nations; the Economic Commission for Europe; the Interim Coordinating Committee for International Commodity Agreements; the United Nations Economic Mission for the Middle East; the International Sugar Council; the International Cotton Advisory Committee; the FAO Committee on Commodity Problems; the Organization for European Economic Cooperation; the Tripartite Financial and Economic Discussions between the United States, the United Kingdom and Canada; the Organization of American States; the U.S.-Canadian Potato Discussions; the Emergency Economic Development Mission to Burma and Thailand, and the FAO Interagency Committee.

Scientific and Technical Cooperation

The Office in 1949-50 continued to exercise leadership in carrying out international programs of technical assistance in agriculture, and developed plans under Public Law 402 and the Point IV program for expanding United States technical cooperation with other countries for the improvement of agriculture. It also coordinated services by which the United States made its agricultural research and educational facilities available to a record number of foreign students and other visitors. A number of federal, state and private agencies and organizations, including the Land-Grant College Association, assisted in implementing these programs.

While cooperative work in technical agriculture with 15 Latin American countries continued, international collaboration of this nature was expanded to include areas in the Middle and Far East. Two specialists went to the Philippines to aid in expanding production of export

commodities, and two to India to serve as consultants on problems of farm mechanization, agronomy and agricultural research. One technician was assigned to Pakistan to cooperate with that country's program to develop extension and rural welfare services, and two were sent to Iran to assist in programs of general agricultural improvement.

Working jointly, technicians of the United States and of Tropical American countries made many advances in increasing the yields, and lowering the production cost of such crops as coffee, cocoa, certain fibers, quinine and rotenone. As a result of such cooperative work, a new industry of strategic and economic importance to the United States and other Western Hemisphere countries was initiated as result of experiments with the fiber plant known as kenaf, which has been proved equal or superior to jute for burlap, carpet backing, and other industrial uses. Planting and cultural practices have been found that result in yields averaging 2,000 pounds per acre. The research has advanced to such a point that commercial production of kenaf has now started in Cuba, Haiti, and El Salvador. Further investigations are under way in cooperation with the Cuban Government to perfect a mechanical method for extraction of the fiber from the kenaf plant to replace the relatively inefficient and costly retting process. The development of kenaf as a commercial crop in the Western Hemisphere promises to alleviate the world shortage of jute-like fibers and to lessen the dependence of the United States upon distant sources of supply.

Commercial production of desmodium, a native weed, and feed rations made from it began in Guatemala after experiments showed that desmodium possessed food value for animals equivalent to alfalfa. In Nicaragua start was made on construction of a factory to extract the oil from commercially planted oil palms introduced from Africa and found to be adaptable to Tropical America. Discovery also in Nicaragua that shade-planting checked an insect damaging mahogany trees made possible increased planting of mahogany trees.

Extension activities in cooperation with local governments, designed to increase indigenous food production and raise local living levels, progressed well in Bolivia, Ecuador, El Salvador, Guatemala, Nicaragua, Peru, Panama, and the Philippine Republic. This work placed emphasis on such objectives as youth programs, gardening, food preparation, better seed, plant materials and livestock, use of fertilizer, mechanization and irrigation and storage and distribution.

The Office rendered increasing service as coordinator of activities relating to the training of, and assistance to persons from other countries who visit the United States to broaden their agricultural knowledge. During the 1949-50 year there were about 1,300 such visitors--more than ever before, and 200 more than the preceding year. Many of these were high government officials of other countries, including ministers of agriculture, directors of experiment stations, and heads of scientific bureaus. The Land-Grant Colleges and universities, farmers and farm organizations, and private industries cooperated splendidly in the foreign visitor program which is becoming increasingly important as a part of this country's policy of promoting democracy and economic stability in other parts of the world.

The foreign visitors also included hundreds of young men and women from other countries who enrolled for formal training and study in Washington and in the field through the cooperation of Department of Agriculture agencies such as the Agricultural Research Administration, Bureau of Agricultural Economics, Extension Service, Farm Credit Administration, Farmers' Home Administration, Forest Service, Production and Marketing Administration, Rural Electrification Administration, and the Soil Conservation Service.

As the fiscal year closed plans were completed to enable the Department of Agriculture to participate to larger degree in the training of citizens of other countries who come to the United States for special study under the technical assistance program of the Economic Cooperation Administration. It also was decided to establish an Education and Training Division within the Office of Foreign Agricultural Relations to integrate Department relationships with state institutions and others cooperating in foreign trainee work, and to unify the Department's efforts in that direction.

Administrative Services

During 1949-50 the Office performed numerous administrative services to the Department and the public. These included:

- (1) Receiving and processing more than 50,000 reports and cables from 133 U.S. Foreign Service posts, and circulating them within the Office and to other bureaus of the Department.
- (2) Handling the payments to, and the transportation costs of numerous foreign trainees by agreements with other Government agencies such as the Departments of State and the Army, and the Economic Cooperation Administration.
- (3) Handling household effects of personnel for export shipment; procuring equipment and supplies for local and foreign shipment, and keeping inventories of non-expendable equipment used in the Office and at cooperative agricultural stations abroad.
- (4) Servicing the entire Department in respect to the despatch of Department personnel on official assignments abroad.
- (5) Conducting negotiations and serving as liaison between agencies of the Departments of Agriculture and State in obtaining security investigations of individuals employed under Public Law 402, and other activities and rendering other services in connection with security clearance for foreign assignment.

Information to the Public

During 1949-50 the Office met increasing need of the general public, and persons within the Government for information regarding matters falling within its basic and special areas of activity.

This information moved to persons needing it through public media such as newspapers, radio stations and farm magazines, and through Departmental channels such as the Office of Information, the Extension Service and the field offices of other agencies, in the form of press releases, radio discussions, and special articles and statements.

The Office's own publications increased greatly in importance as informational media during the year as their distribution on by-request-only mailing lists rose from 5,000 names to 20,000.

Publications issued consisted of Foreign Agriculture, a monthly printed magazine; Foreign Crops and Markets, a weekly mimeographed "world crop and livestock report"; Foreign Agriculture Circulars, presenting world data regarding specific commodities; Foreign Agriculture Reports, containing information of more enduring value than the Circulars, and United States Foreign Trade, published monthly and yearly, and containing statistics relating to this country's foreign trade.

SPECIAL ACTIVITIES

Research and Marketing Projects

The Office continued during the year to send marketing specialists to foreign countries to conduct first-hand studies under the Research and Marketing Act of 1946. These studies were made in areas which are important, or potentially important, as markets for United States agricultural products, or which offer serious competition to those products. They were conducted by specialists thoroughly acquainted with the problems faced by United States producers and exporters.

Carrying out this program, 17 specialists visited 68 countries. Their findings were reported in 79 Foreign Agriculture Circulars and 10 Foreign Agriculture Reports published for the information of United States producers and marketers. The studies covered cotton, tobacco, fruits, grains, edible beans, fats and oils, wool dairy products, fish products, and the potentialities of European cooperatives as markets for United States farm products. Three commodity specialists were stationed in Paris to devote full time abroad to a continuing study of European markets for cotton, tobacco and deciduous fruit.

Europe, historically the most important foreign market for United States farm products, continued to receive major emphasis. However, surveys also covered market potentialities for wheat and flour in the Far East; cotton and tobacco production and marketing in Africa; the outlook for dairy production and dairy products imports in Caribbean areas, and the production and imports of fish and fish products in Central and South America. The European studies were particularly significant in 1949-50 because the Economic Cooperation Administration's financing of purchases by European countries declined, preliminary to

ending altogether in 1951-52. This lessening of ECA financing obviously sharpened the need for information regarding future markets and competition. The frequent specialized reports from the commodity specialists abroad supplemented the regular flow of general reports received by the Office from United States Foreign Service officers.

At the close of 1949-50, the Office also continued to conduct under the Research and Marketing Act an appraisal of the factors and trends in world demand for United States agricultural products in order to study the effect of tariffs and other trade barriers of foreign countries upon the market for such products. The appraisal also was designed to determine what international trade in agricultural products might be expected in the future. It also covered currency availability and the prospects for greater multilateral trade.

World Food Reports

The Office again prepared an annual summary statement on the food supply situation in major deficit and surplus producing areas. This statement reviewed production of, and trade in the most essential food commodities for 1949-50 and presented the outlook for winter crops in the Northern Hemisphere. There was a distinct need, in view of world conditions, for accurate and reliable information on the world food situation and world food needs. Facts supplied by the summary were particularly important to producers and exporters because of their bearing upon foreign markets for United States farm products.

Economic Cooperation Administration

The construction of indices of agricultural production both gross and net (that is, excluding food produced from imported feed) for the European Recovery Program countries and the ERP area as a whole for the use of the Economic Cooperation Administration was an important activity during 1949-50. This project was ECA-financed.

Work for ECA also consisted of the collection of statistical information on agriculture and food for the ERP countries. This called for the preparation of handbooks covering prewar and postwar years. Most of these handbooks had been prepared at the close of 1949-50, but a few were still in course of preparation. Another work phase was a study of the food and agricultural programs in the ERP area, with a view to appraising their impact upon United States agricultural exports. The first draft of a detailed report on the programs as of the close of 1949 had been drawn up at the end of 1949-50. Information on accomplishments under the programs is of vital importance to United States agriculture, since the programs are designed to increase the self-sufficiency of Western Europe, the principal outlet abroad for United States farm products.

Analyses of food production, trade, utilization and consumption were summarized for ECA in food balance tables that gave a quantitative measure of developments.

Point IV Program

Just prior to the end of the 1949-50 fiscal year, the 81st Congress enacted Public Law 535, known as the Act for International Development, to implement the Point IV program providing for technical assistance to the world's underdeveloped areas. This legislation provides authority for broad action by the United States--both bilaterally and multilaterally--in cooperating with other countries in expanded programs of economic development.

Agricultural improvement will play an important role in the cooperative endeavor as the Point IV program unfolds and the United States enlarges its participation in the international sharing of knowledge, abilities and techniques. The Office, therefore, during the months prior to the enactment of Public Law 535 was called upon to render extensive planning, consultative and other service in connection with the development of the legislation and the details incident to carrying it into effect. This service included preparation of basic data in the form of country studies to serve as informational groundwork for the Point IV program. These consisted largely of background studies of Latin American countries where the Office's technical collaboration programs have been in effect, and studies of the economic organization of various countries which were visited by the Technical Assistance Mission to Southeast Asia.

Food and Agriculture Organization of the U.N.

There was added work for the Office during 1949-50 in carrying out its responsibilities for coordinating the United States Government's relationships with the Food and Agriculture Organization of the United Nations.

Following extended discussion, the FAO Conference in November 1949 voted to transfer FAO headquarters to Rome, Italy, and this necessitated much planning, and reorientation of the United States Government's views with regard to the operating mechanism of the international organization.

FAO looked to the United States for guidance in working its part of the Point IV program initiated by this country. Also, there was a problem of delineation of responsibility between the technical activities of FAO and those carried on by the United States Government.

Following the 1949 FAO Conference a Committee on Commodity Problems was set up to expedite the moving of agricultural surpluses. The United States became an active member of this committee and through the Commodity Credit Corporation made offers of substantial quantities of surplus food at greatly reduced prices for use in deficit areas.

The Office continued to supply the Secretariat necessary to carry forward the United States Government's work with FAO, and a number of its staff members served as United States representatives at various FAO meetings.

General Agreement on Tariffs and Trade

Months of work were contributed by Office representatives preparatory to, and during the negotiation of the Protocol of Terms of Accessions to the General Agreement on Tariffs and Trade at an extended conference at Annecy, France, which came to a close early in the 1949-50 fiscal year. The Annecy Protocol was opened for signature October 10, 1949, by the United Nations.

The Annecy Protocol embodied tariff concessions exchanged reciprocally between, on the one hand, the 23 countries which contracted for lower tariff rates under GATT at Geneva in 1947, and, on the other hand, 10 new countries.

After the Annecy meeting Office specialists began further work in preparation for the Fourth Meeting of the Contracting Parties to GATT and the Third Round of Tariff Negotiations under GATT, both of which were to be held at Torquay, England late in 1950.

Preparation for the Torquay sessions included the operation of A Trade Agreement Committee that included representatives of the most interested United States Government agencies. This Committee was divided into country subcommittees, on which Office representatives served, for individual negotiations. Service on these country subcommittees required knowledge of the countries involved, especially their agriculture, as well as familiarity with the market needs of United States agriculture. It also necessitated close working relations with the various agencies of the Department and with farm and trade groups interested in various commodities.

Field Study of Agricultural Work of the U.S. Foreign Service

Congress in the 1950 Appropriations Act, authorized the Office to conduct field studies of the agricultural work of the United States Foreign Service. Administrative officials of the Office visited about two-thirds of the posts at which Agricultural Officers of the Service were located, with many resultant benefits.

The studies, among other things, served to (1) increase appreciation of the importance of agricultural representation at foreign posts, (2) encourage the Foreign Service Officers by showing them that a representative of the Office is interested in seeing personally where they work and the conditions under which they work, (3) make possible recommendations to the Chief of Mission regarding the place the agricultural Officer should have in the Embassy, (4) help administrative officials of the Office to keep in close touch with the field work, and (5) afford opportunity to talk over with Agricultural Officers ways and means of improving their work.

International Wheat Agreement

The first year's operation of the International Wheat Agreement covered the greater part of the 1949-50 fiscal year and during that period representatives of the Office cooperated actively with other Department

officials in carrying out the United States Government's responsibilities as a member of the Agreement and assisted in other ways in the successful administration of the pact. The Office was represented at meetings of the International Wheat Council, in charge of administering the Agreement in Washington during July 1949 and in London in November 1949, and January, March and June 1950.

The many hours of work that Office representatives contributed to broad policy decisions and administrative details connected with the Agreement's operation fitted into the pattern of international cooperation generally displayed by representatives of other member governments, and played no small part in proving the Agreement to be practicable and workable.

About 432 million bushels of wheat and flour moved in world trade under the International Wheat Agreement during its first year of operation. This was about 53 percent of the total world trade in those commodities. The revised total of guaranteed quantities for 1949-50 was 525 million bushels, but some countries, notably Western Germany and the Philippines, entered the Agreement late in the year and could not be expected to purchase up to their full quotas. The total membership in the Agreement rose to 40 importing countries and 4 exporting countries when 6 new members--Haiti, Costa Rica, Western Germany, Indonesia, Spain and Honduras deposited instruments of acceptance during the year.

International Cotton Advisory Committee--Ninth Plenary Meeting

The Office's Director, and the Chief of its Regional Investigations Branch served as advisers to the United States delegation to the Ninth Plenary Meeting of the International Cotton Advisory Committee in Washington, May 22-31, and the Head of its Cotton Division served as Secretary-General of the meeting. It also supplied the meeting's Press Officer.

Progress was achieved at the ICAC meeting toward three continuing major objectives of the organization. These were (1) to furnish information regarding the current economic position of cotton in the world, (2) to serve as a forum for the exchange of views affecting the world's cotton industry, and (3) to formulate suggestions for international economic study in dealing with world cotton problems.

International Wool Study Group--Third Meeting

The Office's Livestock and Wool Division was represented on the delegation from the United States Government to the third meeting of the International Wool Study Group in London, November 7-9, 1949.

The meeting was attended by representatives from Argentina, Australia, Belgium, Canada, Czechoslovakia, Denmark, Dominican Republic, Egypt, Finland, France, India, Italy, the Netherlands, New Zealand, Pakistan,

Persia, Poland, Switzerland, Turkey, the United Kingdom, Union of South Africa, the United States, Uruguay and Yugoslavia. Observers were present from FAO, the United Kingdom Dominion Wool Disposals Limited, the International Wool Textile Organization, and the Commonwealth Economic Committee.

The Group reviewed changes which had taken place in the world wool situation since its October 1948 meeting. The various delegations presented statements as to the position in their respective countries with special reference to any problems existing therein, and to any matters of international interest regarding wool.

Statistics relative to world wool production, consumption, and trade were examined, with conclusion that no immediate problems existed in connection with those subjects which called for intergovernmental action. The Group agreed to continue to meet from time to time to review the world wool situation.